



Southwestern Bell Corporation

DOCKET FILE COPY ORIGINAL

EX PARTE OR LATE FILED

RECEIVED

JAN 27 1994

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

January 27, 1994

William A. Blase, Jr.
Director
Federal Regulatory

Ex Parte

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: CC Docket No. 92-77

Dear Mr. Caton:

In accordance with Commission rules, please be advised that today, Stephen Melnikoff, Don Little and the undersigned met with Kathleen Levitz and members of her staff to discuss Southwestern Bell's position on Billed Party Preference. Attached is a handout that was provided in the meeting.

If you have any questions, please let me know.

Sincerely,

William A. Blase Jr.

Attachment

cc: Kathleen Levitz
James Schlichting
Gary Phillips
Mark Nadel

1401 I Street, N.W.
Suite 1100
Washington, D.C. 20005

Phone 202 326-8860

No. of Copies rec'd
List ABCDE

044

RECEIVED

JAN 27 1994

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

**SOUTHWESTERN BELL TELEPHONE
COMPANY**

FCC EX-PARTE

CC DOCKET NO. 92-77 (PHASE II)

BILLED PARTY PREFERENCE

SWBT BILLED PARTY PREFERENCE (BPP)
POSITION:

SWBT favors implementation of BPP, provided:

- ***The Commission intends to act in the near term to address existing structural problems that produce continuing consumer and competitive disadvantages,***

Among other things, the Commission should make this decision based on whether:

- It remains committed to the goals it established in Docket No. 90-313,
- IXC campaigns, rules for 10XXX unblocking and other TOCSIA provisions have satisfactorily addressed consumer issues for BILLED parties, and
- Competition should be based on commission payments or service merits.

SWBT BILLED PARTY PREFERENCE (BPP)
POSITION (Cont.):

SWBT favors implementation of BPP, provided:

- ***The Commission orders BPP as defined by SWBT, GTE, Pacific and MCI in their joint ex-parte filing of December 23, 1993. SWBT is opposed to implementation of BPP, if defined differently.***

Application highlights:

- Excludes 14-digit screening in favor of 10-digit screening
 - All "0+" and "0-" interLATA calls
 - All service providers (BOCs, ITCs, IXC's, COCOTS, CAPs, PCS providers, etc.)
 - All originating station types
 - All end-office types
- ***The Commission's near-term order(s) states that all costs incurred for BPP implementation are to be included in the rate structure for BPP, including costs for OSS7.***

SWBT BILLED PARTY PREFERENCE (BPP)
POSITION (Cont.):

- ***The status quo should be maintained, IF the Commission decides not to order BPP implementation, or orders BPP in a manner different than proposed by SWBT.***
 - Actual BPP consumer and competitive benefits versus implementation intervals, IXC participation and costs should drive this decision.
- ***SWBT is opposed to BPP if ordered in a manner different than the positions proposed by SWBT.***
- ***SWBT is opposed to implementation of "0+ Public Domain".***
- ***SWBT is opposed to implementation of 14-digit screening as either part of BPP or as a standalone option.***

SWBT BPP CONCERNS:

- ***COST RECOVERY***

- All costs incurred for BPP implementation need to be included in BPP rates
- Commission actions need to encourage BPP demand, which must materialize for reasonable cost recovery
- State Commissions must also be willing to allow for full recovery of intrastate BPP costs

- ***IXC PARTICIPATION***

- Critical to service success
- Must promote "0+" dialing
- Proprietary cards must be issued in either CIID or 891 formats
- Part 68 rules must be amended and enforced to preclude use of "redialers" to override customer dialing sequences

SWBT BPP CONCERNS (Cont.):

• 14-DIGIT SCREENING

- No party has demonstrated public interest or consumer benefit reasons for implementation of 14-digit screening**
 - » Unnecessarily increases direct and indirect BPP implementation costs**
 - » Significantly increases the risk for fraud**
 - » Increases customer confusion**
 - » Imposes unduly burdensome data administration responsibilities on LIDB providers**
 - » "Limited" 14-digit screening applications produce similar negative results**
 - » Per SWBT BPP Service Description, which includes 10-digit screening and the offer of shared card programs, IXCs will receive in signaling requirements all number data collected by LECs to enable provisioning of services by IXCs**

KEY SWBT BPP PRICING ASSUMPTIONS/ CONCLUSIONS:

- ***SWBT supports Commission conclusion that BPP would be a “new” service under LEC price cap rules.***
- ***SWBT has provided extensive documentation regarding appropriate BPP rate levels, underlying cost components and estimates of investments and expenses for BPP.***
- ***BPP technical requirements are not generic signaling system upgrades:***
 - BPP requires OSS7 signaling at equal access end offices and Operator Services Switches (OSSs)
 - Other than for BPP, SWBT does not currently have plans to deploy end-office OSS7 signaling for any other services due to lack of identified consumer demand for such
 - Therefore, end-office OSS7 implementation is NOT a generic signaling upgrade and SHOULD NOT be classified as “endogenous”

KEY SWBT BPP PRICING ASSUMPTIONS/ **CONCLUSIONS (Cont.):**

- ***SWBT estimates the opportunity for full recovery of OSS7 and other BPP costs produces reasonable rate ranges of \$.08 - .13 per BPP call.***
 - “Net” incremental BPP unit cost impact to IXC’s will be less than the unit price estimated by SWBT
 - SWBT estimates “net” cost impact to IXC’s of \$.05 per call on rate of \$.11 per call
 - Factors contributing to “net” impact:
 - » Inclusion of cross-elastic impacts in estimated BPP rates,
 - » IXC cost savings realized from reduced commission payments and other operating expense reductions.
 - Demand for BPP is highly elastic
- ***The Commission should focus its Docket No. 92-77 order on the reasonableness of SWBT’s proposed market price, and indicate the appropriateness of including all costs necessary for BPP deployment (including OSS7 costs) in the BPP rate structure.***